Supreme Court, U.S.
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No. 98-2004

IN THE

Supreme Court of the United States

RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.,

Petitioner,

v.

UTAH DIVISION OF TRAVEL DEVELOPMENT,

Respondent.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

SUPPLEMENTAL BRIEF FOR THE PETITIONER

Of Counsel:

Steven B. Pokotilow
Brian S. Tomko
STROOCK & STROOCK & LAVAN LLP
180 Maiden Lane
New York, New York 10038
(212) 806-5400

Jerome S. Sowalsky
Julie Alexa Strauss
RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.
8607 Westwood Center Drive
Vienna, Virginia 22182
(703) 448-4000

Harris Weinstein
Bingham B. Leverich
Robert A. Long, Jr.
Counsel of Record
COVINGTON & BURLING
1201 Pennsylvania Ave., N.W.
P.O. Box 7566
Washington, D.C. 20044
(202) 662-6000

Counsel for Petitioner

September 1999

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SUPPLEMENTAL BRIEF FOR THE PETITIONER

Pursuant to this Court's Rule 15.8, Petitioner Ringling Bros.-Barnum & Bailey Combined Shows, Inc., submits this supplemental brief to bring to the Court's attention the recent decision of the United States Court of Appeals for the Second Circuit in *Nabisco, Inc. v. PF Brands, Inc.*, No. 99-7149(L), 1999 U.S. App. LEXIS 20786 (Aug. 31, 1999).

The Second Circuit's decision in *Nabisco* expressly conflicts with and rejects the Fourth Circuit's decision in this case on the precise question presented for review. The Second Circuit's opinion states:

> Relying on a recent decision by the Fourth Circuit, Nabisco . . . asserts that proof of dilution under the FTDA requires proof of an "actual, consummated harm." *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Division of Travel Dev.*, 170 F.3d 449, 464 (4th Cir. 1999). We reject the argument because we disagree with the Fourth Circuit's interpretation of the statute.

Nabisco, 1999 U.S. App. LEXIS 20786, at *38

The Second Circuit considered two possible readings of the Fourth Circuit's "requirement of proof of 'actual dilution,'" *id.*, and flatly rejected both. Under the first reading, the Fourth Circuit's decision holds that "courts may not infer dilution from 'contextual factors . . .,' but must instead rely on evidence of 'actual loss of revenues' or the 'skillfully constructed consumer survey.'" *Id.* at *39 (quoting *Ringling Bros.*, 170 F.3d at 457, 464-65). The Second Circuit rejected any such requirement as "an arbitrary and unwarranted limitation on the methods of proof." *Id.* The Second Circuit concluded:

> To require proof of actual loss of revenue seems inappropriate. If the famous senior mark were being exploited with continually growing success, the

> senior user might never be able to show diminished revenues, no matter how obvious it was that the junior use diluted the distinctiveness of the senior. Even if diminished revenues could be shown, it would be extraordinarily speculative and difficult to prove that the loss was due to dilution of the mark.

Id. at *39-40.[1]

The Second Circuit also rejected a second, and even more demanding, reading of the Fourth Circuit's decision, which "require[s] not only that dilution be proved by a showing of lost revenues or surveys but also that the junior [user] be already established in the marketplace before the senior [user] could seek an injunction." *Id.* at *40. The Second Circuit reasoned that:

> To read the statute as suggested by the *Ringling* opinion would subject the senior user to uncompensable injury. The statute could not be invoked until injury had occurred. And, because the statute provides only for an injunction and no damages (absent willfulness), *see* 15 U.S.C. § 112 (c)(2), such injury would never be compensated. The *Ringling* reading is also disastrously disadvantageous for the junior user. In many instances the junior user would wish to know whether it will be permitted to

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[1] The Second Circuit recognized that:

> The degree of similarity of the junior mark to the senior is an obvious factor bearing on a finding of dilution. The marks must be of sufficient similarity so that, in the mind of the consumer, the junior mark will conjure an association with the senior. In that manner the junior mark will lessen the distinctiveness of the senior mark.

Id. at *20.

> use a newly contemplated mark before the mark is launched rather than after. That is why Nabisco sought declaratory relief as soon as Pepperidge Farm objected. If the statute is interpreted to mean that no adjudication can be made until the junior mark has been launched and has caused actual dilution, businesses in Nabisco's position will be unable to seek declaratory relief before going to market. They will be obligated to spend the huge sums involved in a product launch without the ability to seek prior judicial assurance that their mark will not be enjoined.

Id. at *41-42. Accordingly, the Second Circuit held: "[W]e read the statute to permit adjudication granting or denying an injunction, whether at the instance of the senior user or the junior seeking declaratory relief, before the dilution has actually occurred." *Id.* at *42.

CONCLUSION

The Second Circuit's decision in *Nabisco* sharpens the conflict in the circuits on the principal question presented for review. The Court should grant review to resolve a clear conflict over the meaning of "dilution," which is "the key operative element of the [Federal Trademark Dilution Act]." *Id.* at *16.[2]

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[2] Respondent did not raise an Eleventh Amendment issue in the courts below and the record is undeveloped on the question whether Respondent is an arm of the State for Eleventh Amendment purposes. *See Patsy v. Board of Regents of Florida*, 457 U.S. 496, 516 n.19 (1982) (declining, in similar circumstances, to consider an Eleventh Amendment claim). If the Court were nevertheless to conclude that the Eleventh Amendment issue has not been waived and poses an obstacle to reaching the merits in this case, the Court should grant the petition for (...continued)

Respectfully submitted,

Of Counsel:

Steven B. Pokotilow
Brian S. Tomko
STROOCK & STROOCK & LAVAN LLP
180 Maiden Lane
New York, New York 10038
(212) 806-5400

Jerome S. Sowalsky
Julie Alexa Strauss
RINGLING BROS.-BARNUM & BAILEY COMBINED SHOWS, INC.
8607 Westwood Center Drive
Vienna, Virginia 22182
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Harris Weinstein
Bingham B. Leverich
Robert A. Long, Jr.
Counsel of Record
COVINGTON & BURLING
1201 Pennsylvania Ave., N.W.
P.O. Box 7566
Washington, D.C. 20044
(202) 662-6000

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Counsel for Petitioner

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certiorari, vacate the decision of the Fourth Circuit, and remand for further consideration in the light of *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board,* 119 S. Ct. 2219 (1999).